

MANUFACTURING EXTENSION PARTNERSHIP

Success Stories from the Field

Precision Steel Manufacturing Corporation

GENEDGE ALLIANCE

Precision Steel Internalizes Improvements Through Cultural Change

Client Profile:

Precision Steel Manufacturing Corporation (PSMC) was originally founded in 1983 to produce custom trailers and trailer products. The family-owned business has since expanded into a multi-service manufacturer capable of producing a variety of products from stainless steel, carbon steel and aluminum. Their facility is located in Roanoke, Virginia and employs approximately 70 workers.

Situation:

Ever increasing steel prices and competition from other steel manufacturers prompted the owners of PSMC to seek out methods to reduce lead times, and increase productivity and profitability. PSMC's principals realized that in order to implement a comprehensive program for improvement in these areas, they first had to refocus the company's underlying culture. Without the support and understanding from all employees, management felt that sustaining the success of a Lean manufacturing program would be difficult and unlikely. PSMC contacted GENEDGE ALLIANCE, formerly Virginia's A.L. Philpott Manufacturing Extension Partnership (VPMEP), a NIST MEP network affiliate, for assistance.

Solution:

PSMC's Vice President of Operations, Jeff Amos, acted as the company's program coordinator when partnering with GENEDGE ALLIANCE to establish the necessary human resources infrastructure which incorporated the following elements: 1) organizational policies and guidelines; 2) performance measurement system and employee feedback mechanism; 3) monetary and recognition-based incentive systems for improved performance; 4) formal leadership development training for first-line supervisors and effective communication at all levels

The primary objectives of this long-term relationship were to enhance the "soft skills" of PSMC's leaders, increase job satisfaction and employee involvement, and provide an incentive-based performance management system in order to pave the way for the comprehensive Lean initiative that followed. GENEDGE ALLIANCE's team leader, Laura Rathburn, began by conducting an Employee Survey, gathering responses from all employees to measure the perceived balance between individual and organizational needs. Survey results were summarized, analyzed and subsequently published throughout the plant. A detailed, prioritized action plan was developed and implemented for improved operating performance and increased employee satisfaction. Following the survey, all front-line supervisors successfully completed a comprehensive leadership development program designed to provide the necessary skills and abilities to supervise, coach, coordinate, and lead activities. During this 6-month program, GENEDGE ALLIANCE simultaneously worked with the company's owners in developing standardized policies and procedures. These policies and procedures were formalized into a comprehensive employee handbook and distributed to all employees. The handbook provided a framework for the consistent application of company policies and operational guideline goals of reducing the risk of litigation, improving operations, and strengthening the abilities of front-line

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supervisors to manage their teams.

In the final steps of developing the essential Human Resource (HR) infrastructure, Rathburn worked with the owners to create an employee performance management system and incentive program. A performance appraisal form was developed, which included standards of performance for each category. In addition, an independent set of incentive metrics were established for tracking organizational performance on a quarterly basis. These were accompanied by a simple set of guidelines for calculating quarterly incentive payouts for each employee. Once the HR infrastructure was established, PSMC's owners and GENEDGE ALLIANCE project managers set out to improve on-time delivery and cost control by implementing a scheduling system that would highlight outstanding orders and load work centers to capacity. Through GENEDGE ALLIANCE's assistance, senior management was better able to monitor the flow of customer orders in the manufacturing process, identify potential problems, and take remedial action to achieve on-time delivery at the most economical cost. With the company's underlying culture focused toward supporting a program for improvement, Lean manufacturing principles were then implemented factory-wide. Employees participated in a series of hands-on Lean workshops and Kaizen blitzes to provide participants with the skills necessary to improve overall plant performance and move PSMC a step closer to becoming a world-class organization.

Results:

- * Estimated financial impact of \$5.5 million achieved through increased sales, and reduction in labor costs and overtime.
- * Increased on-time delivery from 55 percent to 95 percent.
- * Created 13 jobs.
- * Increased productivity.
- * Increased employee morale and job satisfaction.
- * Reduced turnover, absenteeism, and disciplinary actions.

Testimonial:

"The scheduling project helped us understand the impacts of capacity on our ability to schedule across certain resources. The throughput gained from these resources greatly affected our ability to make on-time deliveries. The manufacturing implementation project helped us expose our employees to training necessary to compete and move a step closer to becoming a world-class organization. GENEDGE ALLIANCE has allowed us to expose members of our organization to training across multiple areas from workforce development to set-up reduction. We feel that this type of training will give our employees the tools necessary to make us a better manufacturing company. We have also enjoyed simply working with GENEDGE ALLIANCE on these projects. They have brought forth a wealth of knowledge to teach us better ways to do business. I applaud their attention and genuine care towards helping small manufacturers such as Precision Steel Mfg. Corp. We will definitely look to them in the future to support our needs."

Jeff Amos, VP of Operations